

Disbursement Package for Project Sponsor of an All Principal Forgiveness (APF) Project



SC Department of Health and Environmental Control

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DISBURSEMENT INFORMATION

Under the State Revolving Fund (SRF), there are disbursement policies, procedures and requirements that apply to all loan recipients, some of which appear in the Loan Assistance Agreement between the project sponsor and the South Carolina Water Quality Revolving Fund Authority. It is the responsibility of the project sponsor to comply with the provisions of the Loan Assistance Agreement, which is a legally binding document.

While the disbursement policies, procedures and requirements govern the SRF program as a whole, some relate more to the responsibilities of the Department of Health and Environmental Control (DHEC) and others involve the Rural Infrastructure Authority, Office of Local Government (OLG), which administers the financial functions of the SRF for the SC Water Quality Revolving Fund Authority. In general terms, DHEC reviews the technical aspects of the draw requests and the OLG disburses the monies. Both entities insure compliance with the Loan Assistance Agreement, as well as other disbursement provisions contained herein.

This material provides the project sponsor with a complete package of information on policies and requirements for disbursements, specific procedures for submitting draw requests, and the required forms that will satisfy both agencies. Copies of referenced forms are found in the Appendix as well as online, <http://www.scdhec.gov/srfforms>.

Material that must be provided to either entity should be addressed as follows:

DHEC

Mr. Mark Noble
Financial Manager, SRF Section
Water Facilities Permitting Division
DHEC
2600 Bull Street
Columbia, SC 29201
Phone: 803-898-3821
Email: Mark.Noble@dhec.sc.gov

OLG

Ms. Holley Sparkman
Office of Local Government
Rural Infrastructure Authority
1201 Main Street, Suite 1600
Columbia, SC 29201
Phone: 803-737-3800
Email: hsparkman@ria.sc.gov

I. SRF DISBURSEMENT POLICIES

- A. Disbursements will only be made against incurred, actual eligible costs of the project, not to exceed the amount specified for each cost category prescribed in the Project Budget found in Appendix "A" of the Loan Assistance Agreement.
- B. Labor or administrative activities performed by employees of the project sponsor (i.e., force account work) are not eligible costs.
- C. When the project sponsor is seeking reimbursement for amounts already paid on a project, the disbursement check will be drawn and mailed to the project sponsor. When the project sponsor is seeking funds to pay incurred project costs, the disbursement check(s), at the option of the OLG, may be drawn to the project sponsor alone or jointly to the project sponsor and engineer or vendor. The check(s) will be mailed to the project sponsor by the OLG.
- D. The first draw request will not be accepted prior to the execution of all construction contracts covered by the Loan Assistance Agreement.
- E. The first draw request must include an amount for incurred construction costs (mobilization costs at a minimum) and all eligible planning and/or design engineering and/or legal costs.
- F. Interim draw requests shall include no less than one month of incurred costs and shall not be submitted more often than once per month.
- G. When the project budget indicates that the loan assistance amount represents only a portion of the eligible costs of the project, or a portion of the costs of a category, any draw may not exceed the same proportion of such costs reported for disbursement unless otherwise approved by the DHEC. Waivers will only be considered where other sources of funds are to be expended first, and waiver requests must be submitted in writing to the DHEC no later than 60 days prior to submission of the first draw request.
- H. The project sponsor should submit draw requests at least 21 days before the funds are required. The OLG will make every effort to disburse funds within 14 to 21 days of receiving a request, but it cannot guarantee this schedule.
- I. The project sponsor shall promptly disburse funds received from the SRF to pay eligible costs of the project and for no other purpose. In no case should the project sponsor hold funds received from the SRF more than three days, unless the disbursement is for a reimbursement.
- J. The project sponsor shall not request disbursements against retainage until retainage is released.
- K. The project sponsor shall not request disbursements for any change order until the change order has been approved by DHEC.

L. The final disbursement will not be made until the Final Approval to Place into Operation¹ is issued by DHEC. A copy of the Final Approval(s) must be submitted with the final draw request to DHEC and OLG. DHEC reserves the right to refuse final payment if there is a delay in submitting the final draw request to DHEC of longer than 120 days after Final Approval to Operate.

II. REQUIREMENTS PRIOR TO SUBMITTING THE FIRST DRAW REQUEST

- A. Submit all required sponsor compliance forms and bid documentation to DHEC and receive bid package approval.
- B. Designate and authorize individuals required for administration and processing of the loan assistance agreement on the “Official Designation and Signature Form (DHEC 3586).
 - 1. Designate a “Sponsor Representative” for purposes of disbursements, payments and other matters pertaining to administration of the loan assistance agreement. This individual, who is required to be an official or employee of the project sponsor, must be designated in writing prior to submission of the first draw request.
 - 2. Identify and provide signatures of the two persons authorized to sign draw requests. These two individuals should be the project engineer and the sponsor representative named in II.B.1.
- C. Submit to DHEC a complete set of bound executed contract documents and a copy of the Notice to Proceed.

III. REQUIREMENTS FOR THE FIRST DRAW REQUEST

- A. Request reimbursement for any eligible “Planning and Design Engineering”, “Land Acquisition” and “Legal and Appraisal Fees”. (See Section IV.F.1-3) All amounts to be requested for disbursement in any of the categories indicated in the previous sentence will be accepted only with the first construction draw request.
- B. Follow the procedures and requirements of the following section.

¹ For projects that do not require a construction permit, contact the SRF Project Manager to identify the documentation required to confirm completion of planned construction.

IV. DRAW REQUEST PROCEDURES AND REQUIREMENTS

A. Use the SRF “Principal Forgiveness Draw Request Form” (DHEC 2560) to request all disbursements on any SRF APF loan.

B. Prepare each draw request in accordance with the instructions provided and have it signed by those so designated on the Official Designation and Signature Form (DHEC 3586). Any change in designees requires a new “Designation Form” form to be completed and submitted to DHEC and OLG.

C. Submit draw requests simultaneously to DHEC and OLG as follows:

DHEC - One original of the draw request (three sheets) with one set of supporting documentation (invoices, etc.).

OLG - One copy of the draw request only, without supporting documentation - except for a copy of the Final Approval to Place into Operation (see I.L.), when issued.

D. Submit a “Monthly Construction Inspection Report” (DHEC 3587) for each month in the period for which construction costs are being claimed (e.g. if a draw request covers three months, three inspection reports are required).

E. Submit a “Project Sponsor’s Davis-Bacon Certification” (DHEC 2557) and “Project Sponsor’s American Iron and Steel Certification” (DHEC 0962) to DHEC with each draw request for the period for which construction costs are being claimed. (One certification may cover more than one month to coincide with the draw request period for which costs are being claimed.)

F. Submit a “Project Sponsor’s American Iron and Steel Certification for Direct Equipment /Materials Purchase” (DHEC 2558), if applicable.

G. Eligible Expenses for Draw Request Categories:

1. Engineering (Planning and/or Design) - Include only actual eligible engineering costs incurred by a consultant during the planning and/or design phases of the project, including value engineering if selected by the project sponsor and approved by DHEC. Expenses incurred earlier than 36 months prior to submittal of a complete loan application are not eligible for participation. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement. *(May only submit for reimbursement in this category with the first draw.)*

2. Land Acquisition – Include only the actual incurred costs for the purchase of eligible land, but do not include any associated legal, appraisal or relocation costs. Complete the applicable Land Acquisition Form (DHEC 2553 for Clean Water, or DHEC 2554 for Drinking Water) and include with first draw request. Land is eligible as required for location of project components. In the Drinking Water SRF Program land must be purchased from a willing seller. The cost of any land acquired earlier than one year prior to submittal of a complete loan application is not eligible and should not be included in the draw request. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement. *(May only submit for reimbursement in this category with the first draw.)*

3. Legal and Appraisal Fees - Include only the following actual incurred expenses: legal and/or appraisal fees directly related to land acquisition for the project. Do not include any costs incurred earlier than one year prior to submittal of a complete loan application. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement. *(May only submit for reimbursement in this category with the first draw.)*

4. Construction – Include only actual eligible costs incurred for the construction of the project. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement.

5. Equipment – Include only actual eligible incurred costs of equipment purchased by the sponsor for use in the project. Do not include equipment purchased by a contractor as part of a construction contract. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement.

6. Construction Engineering – Include only actual eligible incurred costs for continuous inspection, construction engineering and other engineering services during the construction phase of the project. Do not include any engineering costs which may be incurred during start-up operations or which were incurred during the planning and design phases. Disbursements may not exceed the amount shown for this category in the Project Budget found in Appendix “A” of the Loan Assistance Agreement.

H. Comprehensive “Checkpoint” Reviews have been established for the first, 30-60-90% of loan funds disbursed, and final draw requests. At these times, DHEC conducts a thorough review of the draw requests to ensure compliance with all disbursement, technical, and any other applicable SRF requirements regarding DBE (minority and

women owned businesses), EEO (Equal Employment Opportunity) and procurement. Draw requests will be held pending resolution of any noted deficiencies.

I. DHEC adjustments will be made on current or subsequent draw requests as required. A copy of the adjusted draw request, with a letter or explanation, will be forwarded to the project sponsor for use in generating subsequent requests.

V. FINAL DRAW REQUEST REQUIREMENTS

- A. Follow the procedures and requirements of the previous section.
- B. Submit any final change orders to SRF Project Manager. (Must be approved before draw will be processed.)
- C. Submit a copy of the Final Approval to Place into Operation, Engineer's Certification, Sponsor's Acceptance of Project, and as-built/record drawings. (Electronic format is acceptable).
- D. Equivalency projects for federal requirements, must submit a final report of MBE/WBE Utilization.
- E. CLEAN WATER PROJECTS ONLY: Certification of a completed FSP, for the project components at minimum, must be submitted before the final draw will be processed. When there is an existing FSP the certification may be made at the time of loan closing, otherwise certification of a completed FSP must be submitted before or with the final draw request. Certification is made using DHEC Form 3236, "Fiscal Sustainability Plan Certification ".



SRF Draw Request Checklist APF

SRF requirements are subject to change. When in doubt about a requested/required item, contact the DHEC Project Manager or Financial Manager handling the project.

To Be Submitted Before the First Draw Request

	Sponsor Compliance Forms - To include: Sponsor's "Debar" Form (3590); URLAP Form (3594) - if required
	All required Bid Package Items (see SRF Bidding Guidance)
	Project Inspection Designation Form (2324)
	Official Designation and Signature Form (3586) - 1 to DHEC, 1 to OLG
	Executed Contract
	Executed Notice to Proceed

To Be Submitted With the First Draw Request

	Any remaining items from above, " <i>To Be Submitted Before The First Draw Request</i> "
	ALL eligible legal costs, planning and design costs, and/or land costs
	Land Acquisition Form, if applicable (CW - 2553 or DW - 2554)
	ALL items listed under the title " <i>Required with Interim Draw Requests</i> "

Required With Interim Draw Requests

	Draw Request Form (2560)
	Supporting Documentation - invoices, contractor's pay application(s), etc.
	Monthly Inspection Form (3587) (one for <u>each month</u> covered by the draw request)
	Davis Bacon Certification (2557) (one for the entire draw request period)
	AIS Certification (2556) (one for the entire draw request period)
	AIS Certification for Sponsor's Direct Equipment or Materials Purchase (2558) - if applicable

Required With Final Draw Request

	All items listed under the title " <i>Required with Interim Draw Requests</i> "
	Final report on MBE/WBE utilization, if required
	Any remaining/final change order(s) - must be approved before draw can be processed
	Copy of the Final Approval To Place into Operation
	Copy of the Engineer's Certification of Completion
	Copy of Sponsor's Acceptance of Project
	A complete set of as-built/record drawings (pdf or hardcopy)
	<i>Clean Water projects</i> : FSP Certification (3236) - if not previously submitted

APPENDIX

FORMS

Official Designation and Signature Form (DHEC 3586)

Monthly Construction Inspection Report (DHEC 3587)

All Principal Forgiveness Draw Request Form (DHEC 2560)

Land Acquisition for CWSRF Funding (DHEC 2553)

Land Acquisition for DWSRF Funding (DHEC 2554)

Project Sponsor's Davis-Bacon Certification (DHEC 2557)

Project Sponsor's American Iron and Steel Certification (DHEC 0962)

All forms may also be found on the SRF Documents and Forms webpage,
www.scdhec.gov/srfforms.



Official Designation and Signature Form
Bureau of Water – State Revolving Fund Program

SRF Project Number _____ Loan Number _____

Project Name _____ Date _____

Sponsor Name _____

DESIGNATION OF SPONSOR REPRESENTATIVE

Pursuant to Section 1.3.2 of the Loan Agreement, the official or employee of the Project Sponsor whose name, title, and signature appears below is designated for purposes of submitting disbursement/draw requests, making payments on the loan and representing the Project Sponsor in all administrative matters pertaining to administration of the Loan Agreement.

Sponsor Representative: Printed Name and Title

Signature

INDIVIDUALS AUTHORIZED TO SIGN DRAW REQUESTS

The officials whose names, titles and signatures appear below are designated and empowered to execute all documents concerning the preparation and submission of Draw Requests for loan proceeds from the State Revolving Fund to the Office of Local Government (OLG) and the South Carolina Department of Health and Environmental Control (DHEC), pursuant to the terms and conditions of the Loan Agreement.

Project Engineer: Printed Name and Title

Signature

Sponsor Representative: Printed Name and Title

Signature

AUTHORITY OF DESIGNATIONS

I certify that the above-identified individuals have been authorized to carry out the designated responsibilities and I further certify that the above signatures are of the individuals so authorized.

Authorizing Official: Printed Name and Title

Signature

Submit an original to DHEC and to the OLG at:

- Water Facilities Permitting Division - SRF Section, SCDHEC, 2600 Bull Street, Columbia, SC 29201
- Loan Administration Coordinator, Office of Local Government, 1201 Main Street - Suite 1600, Columbia, SC 29201

Instructions for Completing d-3586 Official Designation and Signature Form

PURPOSE: The *Official Designation and Signature Form* is used to collect the names and signatures of those individuals that the Sponsor designates to *represent* the Sponsor for purposes of disbursements, payments and other matters pertaining to administration of the loan agreement.

INSTRUCTIONS: An elected or appointed official of the Sponsor should complete this form.

- Provide the Project Name, SRF Project Number and Sponsor's Name.
- Identify -
 - One individual to be the Sponsor Representative (an official or employee of the project sponsor)
 - Two individuals to be Individuals Authorized to Sign Draw Requests (should be the project engineer and the named sponsor representative).
- The Authorizing Official should be the Utility Director, Mayor or elected Council Chairperson.
- An original form must be submitted to DHEC and to the Rural Infrastructure Authority, Office of Local Government (OLG)
- The form must be received before submission of the first draw request.
- Any change in designee requires a new form to be submitted to both DHEC and the OLG.

DHEC REVIEW AND FILING: The SRF Section will reference the above form in the preparation of a draw request for reimbursement. The form will be kept in the Loan file for the named project and will be retained for three years following the final SRF disbursement to the project's Sponsor - per Retention Schedule 15795.



Project Sponsor _____
Project No. _____
Contractor _____
Division _____

STATE OF SOUTH CAROLINA STATE REVOLVING FUND (SRF) PROGRAM MONTHLY CONSTRUCTION INSPECTION REPORT

Inspection Month and Year _____ Inspection No. _____
Scheduled Construction Complete (%) _____ Actual Complete (%) _____

Brief Description of Monthly Construction Activity:

Overall Project Performance (Deficiencies, Quality of Construction):

Comments and/or Recommendations:

Change Order Number	Date Submitted to DHEC	Date Approved by DHEC

Subcontractors on Site (if none write "none")	Construction Type

Inspector's Signature

Date

Submit on report for each contract and include with the SHEC Form 3585, Draw Request Form. Do not submit daily log sheets with this report.

Submit to:
SCDHEC, Water Facilities Permitting Division, SRF Section, 2600 Bull Street, Columbia, SC 29201

Insert

**ALL PRINCIPAL FORGIVENESS DRAW REQUEST FORM
(DHEC Form 2560) (3 pages)**



Project Name: _____
Project No.: _____
Sponsor: _____

STATE OF SOUTH CAROLINA

LAND ACQUISITION FOR CWSRF FUNDING

Seller's Name _____
Property Address _____
Tax Map # _____
Appraisal Amount* _____
Amount Paid* _____

Seller's Name _____
Property Address _____
Tax Map # _____
Appraisal Amount* _____
Amount Paid* _____

Seller's Name _____
Property Address _____
Tax Map # _____
Appraisal Amount* _____
Amount Paid* _____

Seller's Name _____
Property Address _____
Tax Map # _____
Appraisal Amount* _____
Amount Paid* _____

Seller's Name _____
Property Address _____
Tax Map # _____
Appraisal Amount* _____
Amount Paid* _____

I certify that the above tracts of land are an integral part of the treatment process for the above referenced project.

Signature of Sponsor or Sponsor's Designated Representative

Date

Submit to:

SCDHEC, Water Facilities Permitting Division, SRF Section, 2600 Bull Street, Columbia, SC 29201

**Attach a copy of the appraisal and a copy of the cancelled check or recorded deed. If the amount paid differs from the appraisal amount, attach written justification supporting the deviation.*

INSTRUCTIONS FOR COMPLETING THE CWSRF LAND ACQUISITION FORM

The purpose of the Land Acquisition for CWSRF Funding form is to justify land acquisition reimbursement from the SRF fund.

This form needs to be completed by the Sponsor or Sponsor's Designated Representative.

Please provide the project name, project SRF number, and sponsor.

Please provide the requested information for each parcel of land purchased. Only provide information for those parcels for which reimbursement will be requested from the SRF fund.

DHEC REVIEW AND FILING. The Bureau of Water will use the above referenced form to justify land acquisition reimbursement from the SRF fund. The form will be kept in the SRF Invoice file of the project name listed on the form. The land acquisition form will be retained on file with the Bureau of Water for twenty years.



Project Name: _____

Project No.: _____

Sponsor: _____

STATE OF SOUTH CAROLINA

LAND ACQUISITION FOR DWSRF FUNDING

Seller's Name _____

Property Address _____

Tax Map # _____

Appraisal Amount* _____

Amount Paid* _____

Willing Seller? Yes No

Seller's Name _____

Property Address _____

Tax Map # _____

Appraisal Amount* _____

Amount Paid* _____

Willing Seller? Yes No

Seller's Name _____

Property Address _____

Tax Map # _____

Appraisal Amount* _____

Amount Paid* _____

Willing Seller? Yes No

Seller's Name _____

Property Address _____

Tax Map # _____

Appraisal Amount* _____

Amount Paid* _____

Willing Seller? Yes No

Seller's Name _____

Property Address _____

Tax Map # _____

Appraisal Amount* _____

Amount Paid* _____

Willing Seller? Yes No

I certify that the above tracts of land are an integral part of the above referenced project.

Signature of Sponsor or Sponsor's Designated Representative

Date

Submit to:

SCDHEC, Water Facilities Permitting Division, SRF Section, 2600 Bull Street, Columbia, SC 29201

*Attach a copy of the appraisal and a copy of the cancelled check or recorded deed. If the amount paid differs from the appraisal

INSTRUCTIONS FOR COMPLETING THE DWSRF LAND ACQUISITION FORM

The purpose of the Land Acquisition for DWSRF Funding form is to justify land acquisition reimbursement from the SRF fund.

This form needs to be completed by the Sponsor or Sponsor's Designated Representative.

Please provide the project name, project SRF number, and sponsor.

Please provide the requested information for each parcel of land purchased. Only provide information for those parcels for which reimbursement will be requested from the SRF fund.

DHEC REVIEW AND FILING. The Bureau of Water will use the above referenced form to justify land acquisition reimbursement from the SRF fund. The form will be kept in the SRF Invoice file of the project name listed on the form. The land acquisition form will be retained on file with the Bureau of Water for twenty years.



Project Sponsor: _____
Project Name: _____
Project Number: _____
Period From: _____ **To:** _____

**STATE OF SOUTH CAROLINA STATE REVOLVING FUND (SRF) SECTION
PROJECT SPONSOR'S DAVIS-BACON CERTIFICATION**

I certify, to the best of my knowledge and belief, that the above referenced project complies with Davis-Bacon and Related Acts, and that all laborers and mechanics employed by contractors and subcontractors during the above referenced period were paid wages at rates not less than those listed on the prevailing wage rate contained in the contract documents and that all applicable provisions of the Davis-Bacon and Related Acts have been met.

I understand that a false statement on this certification may be grounds for termination of the loan agreement.

Signature of the Project Sponsor's Representative

Name and Title of Project Sponsor's Representative

**INSTRUCTIONS FOR COMPLETING
PROJECT SPONSOR'S DAVIS-BACON CERTIFICATION
DHEC FORM 2557**

The purpose of the Project Sponsor's Davis-Bacon Certification is to certify the identified SRF project complies with Davis-Bacon and Related Acts for the period identified on the form. This certification form must accompany all draw requests.

The Project Sponsor's representative must complete this form.

Please provide the name of the Project Sponsor, project name, SRF project number and covered period.

Please certify that the identified SRF project complies with Davis Bacon and Related Acts by signing the form and including the printed or typed name and title of the Project Sponsor's representative.

DHEC Review and Filing. The Bureau of Water will use the above referenced form to document compliance with EPA/SRF appropriations law. The form will be kept in the Draw Request file of the project name listed on the form. The Project Sponsor's Davis-Bacon Certification will be retained on file with the Bureau of Water for three years following the final disbursement to the project from the SC Budget and Control Board.



Bureau of Water – State Revolving Fund Program
Project Sponsor's "American Iron And Steel" Certification

SRF Project Number: _____

Project Name: _____

Project Sponsor: _____

Period From: _____ To: _____

I certify, to the best of my knowledge and belief, that the above referenced project complies with American Iron and Steel Requirements as required by federal appropriations, federal continuing resolution, or other federal act, and that all of the iron and steel permanently placed and/or stored during the above referenced period were produced in the United States, unless a waiver* was granted by the U. S. Environmental Protection Agency.

I understand that a false statement on this certification may be grounds for termination of the loan agreement.

Signature of the Project Sponsor's Representative

Name and Title of Project Sponsor's Representative

**A copy of any waiver used by the project must be provided to DHEC SRF with the first draw after the waiver is employed on the project.*

INSTRUCTIONS FOR COMPLETING PROJECT SPONSOR'S "AMERICAN IRON AND STEEL" CERTIFICATION

PURPOSE: The purpose of the *Project Sponsor's American Iron and Steel Certification* is to certify that as required by federal appropriations, federal continuing resolution, or other federal act, all of the iron and steel products used in the referenced State Revolving Fund (SRF) project are produced in the United States unless a waiver is granted by the U. S. Environmental Protection Agency. All Sponsors of SRF projects funded after January 17, 2014 must complete this form, unless the project had approved plans and specs or an assistance agreement in place before January 17, 2014.

GENERAL INFORMATION: "Iron and steel" products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced concrete and construction materials. Additional information, including any published waivers, is posted on the EPA Website, http://water.epa.gov/grants_funding/aisrequirement.cfm.

INSTRUCTIONS: The Project Sponsor's representative must complete and submit this form with each draw request.

Provide the project name, SRF project number, project sponsor name (utility, town, etc), and covered period (time covered by the draw request).

Sign the form to certify that the identified SRF project complies with the American Iron and Steel provision. Include the name and title of the Project Sponsor's representative.

DHEC REVIEW AND FILING: The Bureau of Water will use the above referenced form to document compliance with EPA/SRF appropriations law. The form will be kept in the Draw Request file of the project name listed on the form. Under retention schedule 15795 the *Project Sponsor's "American Iron and Steel" Certification* will be retained on file with the Bureau of Water for three years following the final disbursement to the project.